

Message Text

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PAGE 01 BEIRUT 10860 100748Z

20

ACTION NEA-16

INFO OCT-01 ARA-16 EUR-25 ISO-00 FSE-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FPC-01

H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 PA-04 USIA-15 PRS-01 DRC-01 /209 W

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R 091455Z SEP 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 174

INFO AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

USINT ALGIERS

UNCLAS BEIRUT 10860

E.O. 11652: N/A

TAGS: ENRG, OPEC

SUBJECT: PETROLEUM: MEES SEES CONTINUED PRICE FREEZE

SUMMARY: MEES THIS WEEKEND THINKS SEPTEMBER 12 OPEC
CONFERENCE WILL CONTINUE PRICE FREEZE BUT MAY FOCUS
ON PRICE DISPARITY BETWEEN EQUITY CRUDE AND PARTICIPATION
CRUDE AND ALSO CONSIDER PRODUCTION PROGRAMMING. IN
OTHER WEEKEND ARTICLES AN INDEPENDENT MAGAZINE SAID
ARAMCO PARENTS HAVE CONSENTED IN PRINCIPLE TO 100 PER
CENT SAUDI OWNERSHIP AND LEFTIST MAGAZINE REPORTED
SAUDI GOVERNMENT DISAGREEMENT OVER PRICE LEVELS. END
SUMMARY

IN THINK PIECE, AUTHORITATIVE MIDDLE EAST ECONOMIC

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SURVEY (MEES) OF SEPTEMBER 6 SAID "IT LOOKS VERY MUCH AS

THOUGH THE OIL EXPORTING COUNTRIES WILL OPT FOR YET ANOTHER FREEZE OF POSTED PRICES" AT SEPTEMBER 12 OPEC CONFERENCE VIENNA. MEES DID NOT GUESS AT FREEZE DURATION. IT SAID CONTINUED FREEZE "SEEMS TO HAVE BEEN MORE OR LESS AGREED UPON IN ADVANCE" IN FORM OF RECENT SAUDI-ALGERIAN PRICE UNDERSTANDING, FURTHER ALGERIAN CONSULTATIONS WITH SAUDIS AND IRANIANS AND AMOUZEGAR INTERVIEW IN SEPTEMBER 4 FINANCIAL TIMES. IT CALLED CONTINUED FREEZE TANTAMOUNT TO GOOD WILL GESTURE AT TIME OF RAPID INFLATION.

2. MEES INDICATED THAT OPEC CONFEREES MAY ATTEMPT REMEDY DISPARITY BETWEEN EQUITY OIL AVAILABLE TO SOME MAJORS AND HIGHER-PRICED GOVERNMENT PARTICIPTION CRUDE IN VIEW "DEAFENING" COMPLAINTS OVER SITUATION, PARTUCLARLY FROM NATIONAL COMPANIES COMMITTED TO HIGH PARTICPATION PRICES. OPEDC MIGHT FIRST REDUCE PROFIT DERIVED FROM EQUITY CRUDE AND EVENTUALLY ELIMINATE POSTED OR TAX REFERENCE PRICES IN FAVOR OF OPEC SET MARKET PRICES WITH BUILT-IN MARGIN FOR PRODUCING COMPANIES, MEES WROTE.

3. MEES ALSO INDICATED THAT PRODUCTION PROGRAMMING ON OPEC AGENDA BUT NOTED THAT BOTH SAUDI ARABIA AND IRAN OPPOSE FORMAL PROGRAMS.

4. IN OTHER BEIRUT WEEKEND PRESS REPORTS, INDEPENDENT AD DIYAR WEEKLY CLAIMED THAT ARAMCO PARENT COMPANIES HAVE GIVEN WRITTEN CONSENT TO 100 PER CENT SAUDI OWNERSHIP BUT DO NOT AGREE TO PAYING CURRENT HIGH BUY-BACK PRICE FOR ALL CRUDE WHILE LEFTIST AL BALAGH REPORTED SAUDI GOVERNMENT SPLIT OVER PRICES. IT SAID OILMIN YAMANI AND PRINCE FAHD BEN ABDEL AZIZ FAVOR LOWER PRICES WHILE ROYAL FAMILY BLOC HEADED BY PRINCE SAUD AL FEISAL OPPOSE PRICE CUTS. GODLEY

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Message Attributes

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Copy: SINGLE
Draft Date: 09 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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From: BEIRUT
Handling Restrictions: n/a
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ISecure: 1
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TAGS: ENRG, XF, OPEC, MEES
To: STATE
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